



7020-02

INTERNATIONAL TRADE COMMISSION

[Investigation No. 337-TA-853]

Certain Wireless Consumer Electronics Devices and Components Thereof

Commission Determination to Review in Part A Final Initial Determination Finding No Violation of Section 337; Extension of Target Date

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined to review in part the presiding administrative law judge's ("ALJ") final initial determination ("ID") finding no violation of Section 337 in the above-referenced investigation. The Commission has also determined to extend the target date for completion of this investigation to January 29, 2014.

FOR FURTHER INFORMATION CONTACT: Megan M. Valentine, Office of the General Counsel, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 708-2301. Copies of non-confidential documents filed in connection with this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 205-2000. General information concerning the Commission may also be obtained by accessing its Internet server at <http://www.usitc.gov>. The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on (202) 205-1810.

SUPPLEMENTARY INFORMATION: The Commission instituted this investigation on August 24, 2012, based on a complaint filed by Technology Properties Limited LLC and Phoenix Digital Solutions LLC, both of Cupertino, California; and Patriot Scientific Corporation of Carlsbad, California (collectively “Complainants”). 77 FR 51572-573 (August 24, 2012). The complaint alleges violations of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. 1337 (“section 337”), in the importation into the United States, the sale for importation, and the sale within the United States after importation of certain wireless consumer electronics devices and components thereof by reason of infringement of certain claims of U.S. Patent No. 5,809,336 (“the ’336 patent”). The Commission’s notice of investigation named the following as respondents: Acer, Inc. of Taipei, Taiwan and Acer America Corporation of San Jose, California (collectively “Acer”); Amazon.com, Inc. of Seattle, Washington (“Amazon”); Barnes and Noble, Inc. of New York, New York (“B&N”); Garmin Ltd of Schaffhausen, Switzerland, Garmin International, Inc. of Olathe, Kansas, and Garmin USA, Inc. of Olathe, Kansas (collectively “Garmin”); HTC Corporation of Taoyuan, Taiwan and HTC America of Bellevue, Washington (collectively “HTC”); Huawei Technologies Co, Ltd. of Shenzhen, China (“Huawei Tech.”); Huawei North America of Plano, Texas (“Huawei NA”); Kyocera Corporation of Kyoto, Japan and Kyocera Communications, Inc. of San Diego, California (collectively “Kyocera”); LG Electronics, Inc. of Seoul, Korea and LG Electronics U.S.A., Inc. of Englewood Cliffs, New Jersey (collectively “LG”); Nintendo Co. Ltd. of Kyoto, Japan and Nintendo of America, Inc. of Redmond, Washington (collectively “Nintendo”); Novatel Wireless, Inc. of San Diego, California (“Novatel”); Samsung Electronics Co., Ltd., of Seoul, Korea and Samsung Electronics America, Inc. of Ridgefield Park, New Jersey (collectively “Samsung”); Sierra Wireless, Inc. of British Columbia, Canada and Sierra Wireless America, Inc. of Carlsbad, California (collectively

“Sierra”); and ZTE Corporation of Shenzhen, China and ZTE (USA) Inc. of Richardson, Texas (collectively “ZTE”). The Office of Unfair Import Investigations was named as a participating party.

On February 4, 2013, the Commission terminated the investigation with respect to Sierra. Notice (Feb. 4, 2013); see Order No. 17 (Jan. 15, 2013). On February 15, 2013, the Commission issued a notice indicating that the Notice of Investigation had been amended to remove Huawei NA as a respondent and to add Huawei Device Co., Ltd. of Shenzhen, China; Huawei Device USA Inc. of Plano, Texas; and Futurewei Technologies, Inc. d/b/a Huawei Technologies (USA) of Plano, Texas as respondents. Notice (Feb. 15, 2013); see Order No. 14 (Jan. 8, 2013).

On August 23, 2013, Complainants and respondent Kyocera filed a joint motion to terminate the investigation with respect to Kyocera on the basis of a portfolio licensing agreement entered into between those parties. On August 23, 2013, Complainants and Kyocera filed a revised joint motion to indicate the positions of the other parties. On September 9, 2013, the ALJ issued a notice indicating that, because the final deadline for responses to the revised motion was not due to occur until after he had already issued the final ID, the motions were pending before the Commission. Notice (Sept. 9, 2013). On September 20, 2013, the Commission granted a joint motion to terminate the investigation as to Kyocera based on the settlement agreement. Notice (Sept. 20, 2013).

On September 6, 2013, the ALJ issued his final initial determination (“ID”), finding no violation of Section 337 with respect to all of the named respondents. Specifically, the ALJ found that the importation requirement of Section 337 is satisfied. The ALJ also found that none of the accused products directly or indirectly infringe the asserted claims of the ’336 patent. The ALJ further found that the asserted claims of the ’336 patent have not been found to be invalid.

The ALJ also found that respondents have not shown that the accused LG product is covered by a license to the '336 patent. The ALJ further found that Complainants have satisfied the domestic industry requirement pursuant to 19 U.S.C. 1337(a)(3)(C) for the '336 patent because Complainants' licensing activities have a nexus to the '336 patent and because Complainants' licensing investments with respect to the '336 patent are substantial. The ALJ also found that there are no public interest issues that would preclude issuance of a remedy were the Commission to find a violation of section 337. The ALJ also issued a recommended determination, recommending that the appropriate remedy is a limited exclusion order barring entry of infringing wireless consumer electronics devices and components thereof against the active respondents. The ALJ did not recommend issuance of a cease and desist order against any respondent. The ALJ also did not recommend the imposition of a bond during the period of Presidential review. On September 12, 2013, the ALJ issued a Notice of Clarification supplementing the Final ID. Notice of Clarification Regarding Final Initial Determination (Sept. 12, 2013).

On September 17, 2013, Complainants and Amazon filed a joint motion to terminate Amazon from the investigation based on a settlement agreement. Also on September 17, 2013, Complainants and Acer filed a joint motion to terminate Acer from the investigation based on a settlement agreement. On September 24, 2013, the Commission investigative attorney ("IA") filed individual responses to each joint motion, supporting the motions to terminate Amazon and Acer based on settlement.

On September 23, 2013, Complainants filed a petition for review of certain aspects of the final ID as concern asserted claims 6 and 13 of the '336 patent. In particular, Complainants request that the Commission review the ID's construction of the "entire oscillator" terms recited

in claims 6 and 13 and the ID's infringement findings based on those limitations. Complainants also request that the Commission review the ID's infringement findings concerning the limitations "varying," "independent," and "asynchronous" recited in claims 6 and 13. Also on September 23, 2013, the remaining Respondents who had not settled with Complainants filed a contingent petition for review of certain aspects of the final ID. In particular, Respondents request review of the ID's finding that Complainants have satisfied the domestic industry requirement based on licensing activities. On October 17, 2013, Respondents filed a response to Complainants' petition for review. Also on October 17, 2013, Complainants filed a response to Respondents' contingent petition for review. Further on October 17, 2013, the IA filed a joint response to the private parties' petitions.

Also on October 17, 2013, Complainants' filed a post-RD statement on the public interest pursuant to Commission Rule 201.50(a)(4). On October 23, 2013, Respondents also filed a submission pursuant to the rule. No responses from the public were received in response to the post-RD Commission Notice issued on September 9, 2013. See Notice of Request for Statements on the Public Interest (Sept. 9, 2013).

Having examined the record of this investigation, including the ALJ's final ID, the petitions for review, and the responses thereto, the Commission has determined to review the final ID in part with respect to the ID's findings concerning claim construction and infringement of claims 6 and 13 of the '336 patent.

As to the accused products listed at page 88 of the ID and products containing these chips, the Commission has determined not to review the ID's finding that Complainants have failed to satisfy their burden of proof with respect to infringement of claims 6 and 13.

Regarding the ID's finding of domestic industry, the Commission has determined to

review the ID to consider the question of whether the alleged industry still exists in light of TPL's relinquishing its right to license the '336 patent. The Commission has also determined to review the ID's domestic industry finding to consider whether Complainants have satisfied the economic prong of the domestic industry requirement. The Commission has further determined to review the ID's statement that Complainants need not show that at least one of their licensees practices the patent(s)-in-suit to demonstrate a license-based domestic industry. See ID at 296 (Public Ver.) (Oct. 24, 2013).

The Commission has determined not to review the remaining issues decided in the final ID.

The Commission has also determined to grant the joint motions to terminate the investigation as to Amazon and Acer based on settlement.

In connection with its review, the parties are requested to brief their positions on the following questions:

1. With respect to the Accused Products using so-called "current-starved technology," specifically identify which accused chips are implicated, cite to the relevant evidence in the record, and discuss whether those products satisfy the "entire oscillator" limitation of claims 6 and 13 of the '336 patent.
2. With respect to Complainants' alleged licensed-based domestic industry, is there a continuing revenue stream from the existing licenses and is the licensing program ongoing? If the licensing program is ongoing, which complainant(s) is/are investing in the program and what is the nature (not amounts) of those investments?
3. Please describe the claimed expenditures for patent prosecution and litigation and

explain how they relate to Complainants' domestic industry in licensing the '336 patent. Please provide an estimate of the proportion of the total claimed investments in licensing the '336 patent accounted for by the claimed patent prosecution and litigation expenditures.

4. Discuss, in light of the statutory language, legislative history, the Commission's prior decisions, and relevant court decisions, including *InterDigital Communications, LLC v. ITC*, 690 F.3d 1318 (Fed. Cir. 2012), 707 F.3d 1295 (Fed. Cir. 2013) and *Microsoft Corp. v. ITC*, Nos. 2012-1445 & -1535, 2013 WL 5479876 (Fed. Cir. Oct. 3, 2013), whether establishing a domestic industry based on licensing under 19 U.S.C. 1337(a)(3)(C) requires proof of "articles protected by the patent" (i.e., a technical prong). Assuming that is so, please identify and describe the evidence in the record that establishes articles protected by the asserted patents.

The parties have been invited to brief only the discrete issues described above, with reference to the applicable law and evidentiary record. The parties are not to brief other issues on review, which are adequately presented in the parties' existing filings.

In connection with the final disposition of this investigation, the Commission may (1) issue an order that could result in the exclusion of the subject articles from entry into the United States, and/or (2) issue a cease and desist order that could result in the respondent being required to cease and desist from engaging in unfair acts in the importation and sale of such articles. If the Commission contemplates some form of remedy, it must consider the effects of that remedy upon the public interest. The factors the Commission will consider include the effect that an exclusion order and/or a cease and desist order would have on (1) the public health and welfare,

(2) competitive conditions in the U.S. economy, (3) U.S. production of articles that are like or directly competitive with those that are subject to investigation, and (4) U.S. consumers.

If the Commission orders some form of remedy, the U.S. Trade Representative, as delegated by the President, has 60 days to approve or disapprove the Commission's action. See Presidential Memorandum of July 21, 2005, 70 FR 43251 (July 26, 2005). During this period, the subject articles would be entitled to enter the United States under bond, in an amount determined by the Commission and prescribed by the Secretary of the Treasury.

WRITTEN SUBMISSIONS: The parties to the investigation are requested to file written submissions on the issues identified in this notice. Parties to the investigation, interested government agencies, the Office of Unfair Import Investigations, and any other interested parties are encouraged to file written submissions on the issues of remedy, the public interest, and bonding. Such submissions should address the recommended determination by the ALJ on remedy and bonding and the ALJ's recommendation regarding the public interest. Complainant and OUII are also requested to submit proposed remedial orders for the Commission's consideration. Complainant is also requested to state the date that the patent expires and the HTSUS numbers under which the accused products are imported. The written submissions and proposed remedial orders must be filed no later than close of business on December 23, 2013. Initial submissions are limited to 50 pages, not including any attachments or exhibits related to discussion of the public interest. Reply submissions must be filed no later than the close of business on December 30, 2013. Reply submissions are limited to 25 pages, not including any attachments or exhibits related to discussion of the public interest. No further submissions on these issues will be permitted unless otherwise ordered by the Commission.

Persons filing written submissions must file the original document electronically on or

before the deadlines stated above and submit 8 true paper copies to the Office of the Secretary by noon the next day pursuant to section 210.4(f) of the Commission's Rules of Practice and Procedure (19 CFR 210.4(f)). Submissions should refer to the investigation number ("Inv. No. 337-TA-853") in a prominent place on the cover page and/or the first page. (*See Handbook for Electronic Filing Procedures*,

http://www.usitc.gov/secretary/fed_reg_notices/rules/handbook_on_electronic_filing.pdf).

Persons with questions regarding filing should contact the Secretary (202-205-2000).

Any person desiring to submit a document to the Commission in confidence must request confidential treatment. All such requests should be directed to the Secretary to the Commission and must include a full statement of the reasons why the Commission should grant such treatment. See 19 CFR 201.6. Documents for which confidential treatment by the Commission is properly sought will be treated accordingly. A redacted non-confidential version of the document must also be filed simultaneously with the any confidential filing. All non-confidential written submissions will be available for public inspection at the Office of the Secretary and on EDIS.

The target date for completion of this investigation is extended to January 29, 2014.

The authority for the Commission's determination is contained in section 337 of the Tariff Act of 1930, as amended (19 U.S.C. 1337), and in sections 210.42-46 and 210.50 of the Commission's Rules of Practice and Procedure (19 CFR 210.42-46 and 210.50).

By order of the Commission.

Issued: November 25, 2013.

Lisa R. Barton,
Acting Secretary to the Commission.

[FR Doc. 2013-28717 Filed 11/27/2013 at 8:45 am; Publication Date: 11/29/2013]